“Indian Oil Corporation Limited

Results Conference Call”

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MODERATOR: **MR. VARATHARAJAN SIVASANKARAN – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Oil Corporation Limited Results Con Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now handover the conference to Mr. Varatharajan Sivasankaran from Antique Stock Broking Limited. Thank you, and over to you, sir.

Varatharajan S: Thanks Alaric. Good afternoon, everyone. It's my pleasure to extend a very warm welcome to all the participants and the management of IOCL for this call. We have with us from the management of IOCL, Mr. Anuj Jain, Director Finance; Mr. R.V.N. Vishweshwar, ED, Corporate Finance and Treasury; Mr. Pramod Jain, CGM Treasury; and Mr. Prabhat Himatsingka, CGM, Finance & Treasury. Request the management to give an opening remark, and then we can move on to Q&A. The floor is yours, Mr. Anuj Jain.

Anuj Jain: Thank you. Dear investors and analysts, a very good afternoon to all of you. I take this opportunity to welcome all of you to the conference call organized by us, post announcement of the fourth quarter and annual results of the financial year '24, '25. I thank each one of you for joining the call. I believe you would have gone through the accounts hosted on the website and also through the updates received by most of you.

I would like to briefly dwell on the results to provide additional clarity and insights. This quarter, we have registered a profit after tax of INR7,265 crores which was INR2,874 crores in the preceding quarter and INR4,838 crores in the corresponding quarter of financial year '24. On a year-on-year basis, the profit after tax for financial year '24, '25 is INR12,962 crores as against the profit after tax of INR39,619 crores for the financial year '23 '24. Revenue from operations during this quarter is INR217,725 crores as against INR216,649 crores in the preceding quarter of this year.

The revenues for the corresponding quarter of financial year '23, '24 was INR219,876 crores. On a year-on-year basis, the revenue from operations during the financial year, '24, '25 is INR845,513 crores as against the revenue from operation of INR866,345 crores in financial year '23, '24. This year, we witnessed many challenges and volatility.

I am proud to share that despite the headwinds, Indian Oil pulled off a strong operational and financial performance, registering historically highest sales volumes, historically highest pipeline throughput and one of the best distillate yield levels. This reflects the strength of our operational model, the efficiency of our distribution network. These are the broad highlights of the results of the company.

Now I will request ED, Corporate Finance and Treasury, Shri, R.V.N. Vishweshwar to take this con call forward.

R. V. N. Vishweshwar: Thank you, sir. Participants are advised to refer to the company's latest filings with the regulatory authorities for a more detailed discussion on the risks and uncertainties. And kindly note that today's discussion may include forward-looking statements, which are based on currently available information, assumptions and expectations and are subject to uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied. The global macroeconomic environment in financial year '24, '25 was marked by significant challenges and volatility. Persistent geopolitical tensions, particularly in the Middle East and Easten Europe, led to supply chain disruptions and heightened energy security concerns.

Inflation remained stubbornly high across several economies, even as growth slowed markedly in China and Europe. The imposition of tariffs and trade measures by the US added another layer of complexity to the global commerce. Although the depreciation of Indian Rupee against the US Dollar has been 2.48% during the year, against the 10-year average of 3.36%, the currency volatility during the year was pronounced, with USD INR experiencing significant fluctuations during the year.

We witnessed Rupee reaching historic low levels. However, the Rupee showed resilience and appreciated towards the latter part of the fiscal. In the US, despite the Federal Reserve initiating rate cuts, long-term yields remained elevated, reflecting market caution.

In contrast, Indian GSEC rates moderated, supported by controlled inflation and strong macro-fundamentals. India's GDP growth outlook for FY25-26 has been revised downward due to global uncertainties. The World Bank forecasts 6.3% down from 6.7%, the IMF projects 6.2% down from 6.5% and the Reserve Bank of India has lowered its estimate to 6.5% from 6.7%.

Various economic data points and projections by domestic and international agencies indicate robust energy demand in our country and continued importance of petroleum products to meet the increasing energy demand. Being the country's largest oil refining & marketing company, Indian Oil is committed and steadfast in ensuring energy availability across the length and breadth of the nation at affordable cost.

Indian Oil has ambition to increase its share in the national energy basket from 9% to 12.5% by the year 2050 in alignment with the anticipated doubling of the country's overall energy demand. This transformation will be anchored in a balanced portfolio that continues to leverage the strength of the conventional fuels while expanding decisively into cleaner, more sustainable energy vectors.

Indian Oil is making high-impact infrastructure investments in expanding the refining capacity from 80.8 million metric tons per annum to 98 mmtpa by '26, '27 coupled with matching investments in marketing and pipeline infrastructure.

While reinforcing the conventional energy strengths, Indian Oil is also making targeted investments in sustainable and future-ready energy pathways. A key enabler for this transition is a wholly owned green subsidiary, Terra Clean Limited which is spear heading our green ventures.

Indian Oil Board has already accorded approval for implementation of 5.3 gigawatt of RE projects through Terra Clean Limited. Complementing this are our concurrent efforts to scale up electric mobility infrastructure, including the rollout of EV charging and battery swapping stations, harnessing natural gas, CBG, biofuels, green hydrogen, including hydrogen mobility pathways. The upcoming 10 KTA green hydrogen plant at Panipat and India's first commercial scale sustainable aviation fuel plant underscore in Indian Oil's leadership in green energy.

Now let me just briefly touch upon the quarterly performance facts. Talking about the numbers. The average price of crude in the basket during this quarter was at $76.77 per barrel, an increase of about 3.9% from the average price of the immediate preceding quarter, that is quarter 3.

If you compare on a corresponding quarter basis, that is $81.6 per barrel in quarter 4 2024, there is a reduction of around 6%. Various geopolitical factors starting from the imposition of tariffs by the U.S. government, rising U.S. inventories OPEC production adjustments have contributed in cooling the crude oil prices. With respect to the crack spreads, dollar per barrel for the Indian basket, during quarter 4, , FY '25. MS cracks has largely remained in line with the previous quarter, which was $3.11 versus $3.29 in the previous quarter.

Cracks are lower than the corresponding quarter of FY '24, that is $7.81 per barrel. For HSD the crack spreads during this quarter was at $11.33 have remained lower than the preceding quarter, which was at $12.19. The cracks were also lower than the corresponding quarter of FY '24, which was at $17.46.

In the petrochemical space, the spreads in terms of dollar per metric ton in major products continued to be suppressed during the year. On a year-on-year basis, the spreads of polymers have remained similar. The spreads for PTA has witnessed a sharp decline and the spreads of MEG, while has improved marginally, but continues to be negative. The weak global economic outlook and new capacities continue to weigh high on the petrochemical price globally.

Now let me briefly touch upon the major verticals. Refineries. The throughput during the quarter was 18.5 MMT, with a capacity utilization of 107.1%, which is higher than the preceding quarter, which is at 18.1 MMT and a capacity utilization of 102.3%. And also higher than the corresponding quarter FY '24, which was at 18.3 MMT at a capacity utilization of 104.5%.

The distillate yield was at 79.7% during the quarter, which is slightly lower as compared to the previous quarter, 82.2%. But better than the corresponding quarter of FY '24, which was 77.5%. Fuel and loss during this quarter was 8.6% whereas during the preceding quarter, it was 8.7%. Our refineries have registered a GRM of $7.85 per barrel during this quarter as compared to $2.95 per barrel during the previous quarter.

Overall, on the year-wise, GRM for FY '25 was $4.80 per barrel as against $12.05 per barrel during the previous year. The normalized GRMs after stripping off inventory impacts and factoring price lags for the quarter is $5.39 per barrel as against $6.60 per barrel in the previous quarter.

For the full financial year, the normalized GRM for FY '25 is $4.53 per barrel as against $11.44 per barrel in FY '24. A decline in crack spreads, which is also reflected in benchmark Singapore GRM has been the main reason behind this falling GRM.

Now coming to pipelines. The capacity utilization was about 73% during this quarter as compared to 69.6% in the previous quarter. Indian Oil's cross-country pipelines achieved throughput of 100.5 MMT during '24, '25 this year and by crossing 100 MMT milestone achieved the highest-ever recorded throughput this year. Pipeline throughput during the quarter 4 '24, '25 is 25.8 MMT vis-a-vis 24.9 MMT in quarter 3 of '24, '25.

During the year, the company has further expanded its pipeline network by 260 kilometers, taking Indian Oil's total pipeline network to above 20,000 kilometers, which accounts for more than 50% of the total pipeline network of the country. The largest pipeline network provides strategic access to the market and helps reduce the cost of placement of products.

Marketing. Indian Oil achieved the highest ever sales volume of 100.29 MMT during the year in all segments. That is petroleum, petrochemicals and gas crossing the 100 MMT milestone for the first time. Corresponding sales volume during the previous year was 97.5 MMT.

Sale of petroleum products during quarter 4 of '24, '25 is 23.19 MMT which is slightly lower as compared to 23.38 MMT in the previous quarter. However, sales were higher than the corresponding quarter of FY '23, '24, which was 22.79 MMT. For the financial year, sales of petroleum products improved. That is 89.80 MMT in '24, '25 vis-a-vis 88. 45 MMT in the previous year.

Petrochemicals. The sale of petrochemical products during this quarter was 0.83 MMT as compared to 0.89 MMT in the preceding quarter and sales for Q4 2024 0.818 MMT. For the full financial year, petchem sales were 3.236 MMT were more than the sales recorded in FY '24 which was at 3.063 MMT.

Capex. During FY '24, '25, the company incurred a total capex of INR37,557 crores encompassing investments across all verticals. These investments are aligned with our long-term strategic road map and national energy priorities. For FY '25, '26, the budgeted capex is INR33,494 crores. Going forward, as the large-scale refining projects mature, we expect a tapering of expense in conventional sources and significant shift in capex allocation towards petrochemicals and alternate energy segments, where we are placing high strategic bets.

Borrowings. With respect to the borrowing levels, the borrowings as on 31st March '25 has increased by about INR18,000 crores on a year-on-year basis. and is at INR1,34,466 crores level as compared to INR1,16,496 crores as on 31 March 2024. The increase in borrowings is mainly on account of ongoing capex.

On a quarter-on-quarter basis, there has been an increase over INR3,000 crore as compared to previous quarter. The increase is mainly attributable to year-end duties and taxes. With the current debt-to-equity ratio of 0.75 as on 31 March '25, Indian Oil is comfortably placed to fund the ongoing capex plans.

With this, I'll pause here, and I'll request Director Finance for further remarks.

Anuj Jain: Thank you Vishweshwar. Friends, as we move forward into financial year '25, '26, our focus remains on operational excellence, prudent capital allocation and strategic investments that has strengthened our existing business and also position us to lead in the evolving energy landscape.

I would like to thank our shareholders, employees, partners and stakeholders for their continued trust and support. We are confident in our ability to deliver sustainable value even amidst a dynamic external environment.

Now I will end my briefing here. We will now be open to take your questions. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Thank you for the opportunity and thank you for hosting this call, sir. Just a couple of questions. Firstly, on the refining business. It's very clear that if you normalize it for inventory, the GRMs actually declined a bit but just wanted to understand what was the contribution of Russian crude in overall sourcing in this quarter? And what is it so far in the first quarter of FY '26?

Management: See, as far as Russian crude is concerned, we had imported 22% in '24, '25 for the full financial year. Although in the fourth quarter, it came down. It came down to almost 14%. But for the full financial year, it was 22%.

Probal Sen: And have we seen an improvement in these numbers in this first quarter, sir, with the prices going down?

Management: We have again seen the increase in the Russian crude availability, and we are hopeful that this year, in '25, '26, we should be touching around 24%, 25%.

Probal Sen: Okay. The second question was with respect to the capital allocation plans that you mentioned about, the shift that is being driven to petrochemicals and renewables. In petrochemicals, however, what we have been seeing consistently over the last few years is that there just doesn't seem to be a shift to sustainable margins at least for -- from what we can tell.

So how do you really look at the petrochemical margin environment? And what gives us the confidence that margins will actually improve enough that we can start making reasonable returns, given that our focus is increasingly shifting to the petrochemical segment for the next 5 years.

Management: You must have seen our figures. Today, my petrochemical intensity is around 6%, which we want to increase to 15% by 2030 in the next 5 years. Already, we have announced the projects to achieve these targets. As far as margins are concerned, yes, margins are down, but it is a cyclical industry. And we understand that the cycle will come back. We can’t give any specific timeline, but the cycle is expected to turn around in the next 2 to 3 years. So the petchem margins should also improve by the time our new projects come up .

Probal Sen: If I will be permitted, sir, let me ask it another way. If I can get a sense, what are the gross margins on a dollar per ton basis that we are seeing in our business today? And what is the kind of level we sort of would need for these investments to be profitable? If you can give us a sense on that.

Management: See, all these are integrated assets. Whatever inputs are coming to these assets, Naphtha or whatever it is coming from existing stream. On an integrated basis, we -- see, we have 2 things. One is the cracks of the existing products and the cracks on the polymers, glycols, and LAB and PX/PTA. So today, the cracks on the petchem products are coming down, although on the refining side, the cracks are still okay.

Even on the petchem side, you see cracks on polymers are okay, but PTA and glycols the margins are quite down. So as I said in the beginning, we don't have any specific numbers, but because it's a basket of many things, which makes things positive. So today, the petrochemical margins are down, but we expect that it will come back.

Probal Sen: Thank you so much for the answers. I will come back if I have more.

Moderator: Thank you. The next question comes from the line of Sumeet Rohra from Smartsun Capital. Please go ahead.

Sumeet Rohra: Sir, just a couple of questions. First, if you can -- firstly, your performance has been very commendable. So congratulations on that. You guys have done a very, very good performance in a very challenging environment. Sir, I'm just looking at overall profitability rather than on any quarter because the thing is that if we see that we reported approximately a profit of about INR13,000 crores, and this is after absorbing the LPG under recovery, which is of INR19, 0000 crores, INR20,000 crores.

No, sir, of course, LPG is a controlled product and the government will compensate you on that. So sorry, can you please throw some idea on when we could receive the LPG money? And sir, secondly, you spoke about capex coming down from INR37 million to about INR33 million, INR34 million. Now sir, the matter of fact is that we always speak on capex. But can you also talk a little bit on earnings momentum?

Because over the last couple of financial years, you have -- all of you have done very well so can we just get a sense on how do you expect earnings to shape up in the current year? Because now crude is also in our favor, right? I mean it's below $70 on a sustained -- hopefully, on a sustainable basis. So sir, can you please talk a little bit about how do you see profitability shaping up in a conducive environment of crude?

My second question, sir, is on the retail outlets. So how many retail outlets do we have currently? And how many have we added and how many do you plan to add? And my last question, sir, is on GRM. So do you expect -- I mean, what do you expect in sustainable GRM scenario for the current year, sir?

Management: Okay. Sumeet, I will take your question one by one. The first question was regarding the overall profitability for the year '24, '25. See, as you have said that we have given a very good profitability. As far as the LPG underrecovery is concerned, you must have seen that we have -- we are continuously engaging with the government. And we are hopeful that our continuous engagement with the government will give us positive results. The time and the quantum is not known, but it all depends upon many factors, geopolitical factors, other things which keep on affecting the oil marketing companies.

As far as your second question is concerned regarding the next year's profitability or margin scenario. See, our profitability consists of 3 or 4 factors. One is the refining margins, which, as of today, is looking good. If you see on a day-to-day basis, the margins have come down drastically from '23, '24, but the margins are still reasonably okay.

Marketing margins are positive and third is the pet-chem margins which are a little bit tightened up, but we think that the pet-chem margins will remain constrained in the coming quarters, but not for all the segments. For a few segments in pet-chem, it will be a constraint.

So as far as '25, '26 is concerned, we hope that it should be a good year for the oil marketing companies and Indian Oil to be in particular. And as far as the third question is concerned, lets come to the GRM. So see, the GRM, if you see , the fourth quarter GRM is 7.85.

And even after normalizing, it is a reasonable margin for the company. We expect refining margins to be pretty good for us going forward in this year. Now coming to the specific fourth question on the number of ROs. See, we have close to 40,000 retail outlets. And we plan to add almost 3,000 to 4,000 ROs in the current financial year.

If you see 31st March, we had almost 40,221 retail outlets. So we plan to add another 3,000 to 4,000 in the current year.

Moderator: The next question comes from the line of Yogesh Patil from Dolat Capital.

Yogesh Patil: And congratulations for the good set of numbers, sir. Sir, I wanted to check, is there any oil products inventory gains during the quarter? And I also wanted to know your gross marketing margins on other oil products, excluding petrol diesel and LPG was it better during the quarter compared to the last quarter?

Management: See, yes, in the quarter 4, we had inventory gain, and that has helped us to report better numbers this year. As far as your second question is concerned, whether the margins on other marketing products other than MS, HSD, ATF are concerned, yes, the margins were better in the quarter 4 vis-a-vis earlier quarters.

Yogesh Patil: Sir, could you please share the inventory gains on the oil product side, if you have any number handy?

Management: See, as I told you that we had inventory gains. And other products, see, we don't calculate inventory gains on product-by-product basis. It's a consolidated figures. But the margins have improved for other products.

Yogesh Patil: Sir, my second question is related to our refinery expansion plans, Panipat, Koyali, Barauni can you provide us a physical completion commissioning time line? And if you can give us some idea about the actual earnings growth from these 3 incremental refining capacities that would be helpful?

Management: See, if you see in Panipat we are adding 10 MMTPA. We are going from 15 to 25. In Gujarat, we are going from 13.7 to 18, which will add another 4.3 MMTPA. And Barauni we are going from 6 to 9. So we are going to add another 3. So we are adding almost, you can say, 18 MMTPA in our system, okay?

Now as far as commissionings are concerned, both Panipat and Gujarat are expected to come in the fourth quarter of '25, '26. And it will mostly stabilize in '26, '27. As Barauni is concerned, it is expected to come in the first quarter or second quarter of '26, '27. Today, all the refineries have already achieved a physical progress of more than 80%.

So we are going in a very good targeted speed to achieve the targeted commissioning dates. And the expected revenue from all the new commissioning would definitely depend upon the refining margins prevailing at that point of time. So I would say that whatever refining margins would be there, they will certainly support the returns on investment from these projects.

Yogesh Patil: And sir, lastly, can we expect any overall GRM improvement due to the incremental capacity addition in all these 3 refineries?

Management: Yes, definitely. Whatever the refinery expansion, whatever extra throughput I will earn, it will definitely add to my refining margins in absolute numbers.

Yogesh Patil: And lastly, sir, post completion of incremental refining and the petrochemical capex, what would be the peak net debt-to-EBITDA ratio? Any ballpark number you have in mind?

Management: It will be very difficult to quantify in EBITDA percentage terms. But see, today, I'm at 70 MMTPA. And if I am adding another 18 in my system. So it will become 88, 89. And then we have CPCL also with us. So all put together, my refining capacity will go beyond 100 MMTPA.

Moderator: The next question comes from the line of Sabri Hazarika from Emkay Global Financial Services.

Sabri Hazarika: Sir, 2 questions. First one is on the inventory side only. So I just wanted a number, I think last year, INR1,686 crores was the total inventory gain for the company. So versus that in FY '25, what would be the number FY24 number INR1,686 crores?

Management: See, as far as my full financial year is concerned, still had an inventory loss.

Sabri Hazarika: Yes. And how much would it be?

Management: Quarter 4 I had inventory gain but on the full year, I still had inventory loss.

Sabri Hazarika: And what would be the figure?

Management: Some figures -- I'm just giving you indicative figures that in '23, '24 for the financial year, we had an inventory gain so this was the figures. But yes, in Q4, we had an inventory gain, but on a yearly basis, we still have inventory loss.

Sabri Hazarika: Yes. But any ballpark number because it is a reported figure because you have been giving it, I think. So that's why I'm asking?

Management: We have already shared these numbers. You can see from one of our statement which we have given.

Sabri Hazarika: Okay, sir. Okay. Fair enough. And secondly, on the project side only. So you mentioned about the refinery expansions so all these expansions have got polypropylene you need also sir that would also be simultaneously commissioned or that could be later, actually?

Management: Let me see. Polypropylene is coming. It is independent of this. And see, as I said in the beginning also, apart from the refining expansion, we are also targeting the Petcam expansions going forward. And I gave the numbers also. From 6% Petchem intensity, we will reach 15%.

Sabri Hazarika: I can understand. I mean the polypropylene unit commissioning will also be at the same time that you gave regarding the refinery expansion or that will afterwards?

Management: Yes. Commissioning 1 or 2 months here and there, it will be happening at the same time.

Sabri Hazarika: Okay. Fair enough. And regarding some other projects, so you have that acrylic project in Gujarat. When is that expected to commission? And what about the Paradip refinery PX-PTA project, what is the timeline for those 2?

Management: As far as that is concerned, Oxo Alcohol Project in Gujarat is expected to commission in -- it is already commissioned. Oxo Alcohol Project in Gujarat, it is commissioned in the month of May.

Sabri Hazarika: May, right. And PX-PTA of Paradip refinery.

Management: PX-PTA will be in April '26.

Sabri Hazarika: April 2026, right. And beyond that, we have got this big Paradip Petchem complex, which you have signed an MOE. I think the Stage 1 approval was done, INR61,000 crores. So what is the timeline for that actually? So I think Stage 2 approval is still pending, but any timeline you want to give for that?

Management: See, Stage 1 was given in the '23 -- March '23 and the approximate cost is INR61,000 crores. And the commissioning schedule, what we have is approximately 54 months from the date of investment approval. So it is too early to say, but yes, it will take 4.5 years from '23. So somewhere around '29, '30, it will happen.

Sabri Hazarika: Okay, sir. And beyond this, there is no other Petrochemical project major ones, right, other than this?

Management: See, recently, we have -- as a Board, we are discussing a few of the projects. But definitely, a few of the new announcements you will hear very soon, because we have another polypropylene unit at Barauni coming in '26-'27. Then we all have polypropylene units in the expansion category. Then we have PX-PTA Paradip, which is coming almost for INR14,000 crores in end of this financial year '25-'26. And then we have another 2, 3 projects of polybutadiene rubber which is coming in '26-'27 .

Sabri Hazarika: This is the Panipat one, right? The Styrene Monomer, right? That's what you're talking about?

Management: Yes.

Sabri Hazarika: Okay. FY '27.

Management: But we have few other projects coming very soon, you will soon be hearing a few new expansions in Petchem.

Sabri Hazarika: Okay. Some more announcements will come you are saying, right?

Management: Yes.

Sabri Hazarika: And on pipeline, any -- that Ennore Tuticorin, that is largely ready or that is also some part is pending right now?

Management: Which one?

Sabri Hazarika: The Ennore Tuticorin, that big pipeline project in Tamil Nadu?

Management: I think it is completed.

Sabri Hazarika: It is also completed, fully connected, right?

Management: Yes.

Moderator: The next question comes from the line of Achal Shah from Ambit Capital.

Achal Shah: Sir, I just wanted to know, so what is the current under recovery per cylinder? And what is the future outlook? Like do you feel this under recovery will continue after the INR50 price hike?

Management: See, it keep on changing, but today, it is around INR170 per cylinder.

Moderator: The next question comes from the line of Nitin Tiwari from PhillipCapital.

Nitin Tiwari: Sir, my first question is with regards to capex. If you can help us with a breakup of the capex between different segments for FY '25 as well as FY '26, the projections that you've given?

Management: As far as the capex is concerned, we are targeting INR34,000 crores in '25-'26. And if you see refining and pipelines put together, it should be somewhere around INR17,000 crores. So almost 50% will go towards the refining and pipeline and remaining will be on marketing segments, Petchem and other investments what we have announced.

Nitin Tiwari: So any specifics that you can provide please in terms of how much in Petchem, how much is marketing and CGD as well?

Management: See, on a ballpark figure, I would say, we will spend around INR7,000 crores to INR8,000 crores in marketing. And Petchem, we should be spending around INR3,000 crores.

Nitin Tiwari: And in CGD, sir?

Management: CGD is basically, we are doing a lot through joint venture companies and it should be somewhere around INR500 crores.

Nitin Tiwari: And FY '25 capex would be in similar ballpark what you indicated for '26, '25 would be similar? Or if you can give us some specifics around about '25 as well?

Management: We have the firm plans for '25-'26 as on date. '26-'27 should be also…

Nitin Tiwari: No, I was referring to the already -- the year already gone by FY '25, '24-'25. If you can give us a breakup in terms of how much you spend in each segment.

Management: See, '24-'25, we have spent almost INR38,000 crores in that.

Nitin Tiwari: Right. And how much of that was in refining?

Management: Refining and pipelines put together was almost INR20,000 crores.

Nitin Tiwari: And sir, out of this INR20,000 crores, how much was expansion capex and how much was regular maintenance?

Management: It is very difficult to say. But mostly, we are spending maximum money nowadays on the expansion.

Nitin Tiwari: Okay, sir. And sir, my next question was related to Petrochemical. I think one of the participants also asked on a similar line. So just wanted to understand that are we breaking even in Petrochemical, if we look at in pre-depreciation terms? Are we like EBITDA positive in Petrochemical or we are EBITDA negative as well? Because EBIT number is something which you have given out in your press release. I was wondering if like we are EBITDA positive or not?

Management: No, we are definitely EBITDA positive in Petchem.

Nitin Tiwari: So we've reported about INR200 crores of loss at EBIT level in Petchem. So what would be the EBITDA number roughly, sir? Or if you can represent the depreciation number. So sir, we have a ballpark understanding of where we lie in terms of Petrochemical margins.

Management: See, we would be EBITDA positive INR1,000 crores for '24-'25.

Nitin Tiwari: Petchem EBITDA is around INR1,000 crores is what you're saying, right?

Management: Yes.

Nitin Tiwari: Those will be two. If I may ask one more. Crude oil prices have corrected quite meaningfully. So is it the right understanding that that will help release some amount of working capital, if you can give us an indicative numbers how much of debt reduction could happen if our working capital goes down and because if crude remains where it is?

Management: See, definitely, reduction in crude oil prices helps us to reduce our working capital, definitely. But definitely, it should be in the range of maybe INR10,000 crores it will help us. If the reduction is as high as what we are seeing today, by $10 per barrel, then it should be around INR10,000 crores.

Nitin Tiwari: I mean you're saying that $10 per barrel would roughly lead to a INR10,000 crores saving in working capital and accordingly a reduction in debt, right?

Management: Yes.

Moderator: The next question comes from the line of Ritik Jain from Nirmal Bang.

Ritik Jain: Yes, sir. Congratulations for a good set of numbers. My first question is on the sales volume of CGD gas in 4Q FY '25 and FY '25?

Management: See, as far as numbers of CGD is concerned, we are becoming better day by day. Out of 26 GAs already 6 GAs have become EBITDA positive. And by next year, we hope that we will have another 7 to 8 GAs which will be becoming EBITDA positive. As far as sales are concerned I had a sales of almost 115 TMT of CGD.

Ritik Jain: In Q4 FY25?

Management: Yes, '24, '25 yes. .

Ritik Jain: So this is for full financial year, sir?

Management: Yes.

Ritik Jain: And the outlook for sales volume and EBITDA per SCM for FY '26, sir?

Management: As I shared with you just now that we will be becoming EBITDA positive for further GAs. And on an overall segment basis also, we will be EBITDA positive from next year..

Ritik Jain: Okay. And what was the reason for the decline from gas segment EBIT in Q4 FY '25?

Management: I don't think we had a negative -- gas profitability has gone up significantly. We have witnessed almost a 50% jump in the profitability from the gas segment this year.

Ritik Jain: I will come back in the queue if there is any questions.

Moderator: Thank you. The next question comes from the line of Sumeet Rohra from Smartsun Capital. Please go ahead.

Sumeet Rohra: Hi, sir. Thanks for the opportunity. Sir, just a couple of things. I was basically just wondering from now from an investor point of view that our dividend payout in absolute number of rupees has been lower this year because of the LPG under recovery money that we've not received which has hampered profitability.

So sir, is it safe to assume that when -- once you get the LPG under recovery from the government, investors can expect a dividend payout which was similar to FY '24 levels? Because anyway, 53% of the one money goes back to the government itself. So can we expect that?

And sir, secondly, on the LPG part as well, if I remember the honorable oil minister had mentioned that prices will be reviewed on a 30-day basis or slightly lower on a fortnightly basis. So do you get the early sense that we could be entering an era of LPG prices could be market aligned and then eventually decontrol. Any thoughts on that, sir?

Management: Yes. As far as the dividend is concerned. In the past 10 years, you would have seen Indian Oil is one company which has always been giving very reasonable dividends to all its stakeholders. So in the last year, since the profitability was very good we declared a very high dividend. This year, based on my profitability, I've again given a reasonable dividend to the shareholders.

As far as second question is concerned about your LPG under recovery, I don't have a specific answer that what would be the government policy on that. But definitely, we keep engaged with the government to monitor our LPG prices.

Sumeet Rohra: No, sir, because the only reason why I ask this is because since it's a controlled product and we are basically -- so it's kind of not a sustainable model where we keep bearing the LPG board in. So that's exactly why I was thinking on those grounds?

Management: No, your concern is well noticed and we have been continuously, all the oil marketing company gets engaged with the government to see what would be the quantity and quantum and timing to get these under recoveries. .

Sumeet Rohra: Okay. Sure, sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil: Thanks for taking my question sir again. Sir, as per the latest news flow, U.S. crude imports have gone up for the India. Just wanted to understand how much quantity of U.S. crude IOCL can process considering economic benefits SMEs?

Management: See, yes, you are true that in '23, 24, we almost process 4% crude vis-a-vis 9% what we did in '24-'25. But it is absolutely on an economic basis. As a system, we don't have any targets to process any specific crudes. For us, any crude is equivalent depending upon the price at which it is available to us.

So on an optimization level, whatever crude enter through tendering system, it is being procured by the company. So we don't have any specific targets for any type of crude in the system.

Yogesh Patil: And sir, just wanted to understand landed basis, what is the benefit or discounts if we get U.S. crude imports. Any ballpark number if you could share?

Management: See, this is what I said that no crude is having any benefit to us. Any crude which comes in has to justify on the basis of the best crude available on that particular day to us. So once we come out with the offers, many people compete with each other whether it is West African crude, Middle Eastern or U.S.. So it has to compete and then come into our system. So –as long as it is not beneficial to us, we don't procure anything.

Yogesh Patil: Sir, lastly, considering the capex run rate of INR33,000 crores, INR34,000 crores per annum for next few years and a reasonable dividend payout. What should be the minimum marketing margins on the -- mostly on the petrol and diesel side? Have you calculated anything that should be the minimum so that the capex can be funded through the internal cash flows and the early dividends would be there. So any number, ballpark number which you can share?

Management: See, you have to understand all the companies working on an RTP basis. See, for the marketing - - even the marketing group of ours, they procure the goods on RTP basis from our own refinery. Whether we process the crude from our own refining system, marketing will have to earn its own marketing margin.

And there is a structured system for incorporating the marketing margins in our pricing. So if the prices remain what is today, we should be having a reasonable marketing margins on all our products. So it is very difficult to indicate a level, definitely all the oil marketing companies should earn a reasonable marketing margin. And as on date, if we talk about we have a positive marketing margins.

Yogesh Patil: Thanks a lot, sir.

Moderator: Thank you. Ladies and gentlemen as there are no further questions, I would now like to hand the conference over to Mr. Varatharajan Sivasankaran to give his closing comments.

V. Sivasankaran: Floor to the management for their closing remarks. I had one small question, sir. On the Barauni Refinery you had announced increase in capex cost. So should we assume that like on Panipat and Koyali you don't have an increase in capex cost. So should we go with the original cost?

Management: See, we have revised the cost of both Panipat and Gujarat a few months back. So whatever the latest achievement the management has approved,commissioning is happening according to that. So Barauni has come this time.

V. Sivasankaran: Okay, sir. Fair enough. So the floor is yours for your closing remarks.

Anuj Jain: Yes. Thank you all for your time and insightful questions. On behalf of the entire management team, thank you once again for your continued trust and support. We look forward to engaging with you in our future interactions and keeping you updated on our progress. Stay safe and take care, Jai Hind, Jai IndianOil.

V. Sivasankaran: Thank you, sir. I would like to take this opportunity to thank the management. It was a pleasure having you on the call answering all the questions. And thanks all the participants for taking time out to join the call. Thanks, everyone and have a nice day.

Moderator: Thank you, gentlemen. And on behalf of Antique Stock Broking Limited that concludes this conference. You may now disconnect your lines.